

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director



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REGULATORY AUTH.


460 James Robertson Parkway
Nashville, Tennessee 37243-0505
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OFFICE OF THE
EXECUTIVE SECRETARY

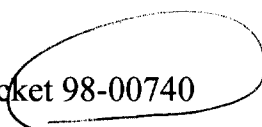
MEMORANDUM

TO: Chairman Melvin Malone
Director Lynn Greer
Director Sara Kyle

FROM: Eddie Roberson, Chief 
Consumer Services Division

Richard Collier 
General Counsel

DATE: July 6, 1999

SUBJECT: Staff settlement with LCI (Qwest) Docket 98-00740 

The Consumer Services Division ("Staff") and LCI (now referred to as "Qwest") have reached a settlement regarding slamming complaints filed against Qwest with the Tennessee Regulatory Authority ("TRA"). In the attached settlement, Qwest agrees to take actions to reduce slamming in Tennessee and provide to the Staff quarterly reports which will permit the Staff to monitor Qwest's performance. In addition, Qwest agrees to pay the TRA a fine of twenty-five thousand dollars (\$25,000).

Your consideration of this Settlement is appreciated.

c: David Waddell
Don Baltimore, Counsel for Qwest

SETTLEMENT AGREEMENT

The purpose of this document is to memorialize a settlement agreement between LCI International, Inc., known now as Qwest Communications Services ("Qwest"), and the Consumer Services Division of the Tennessee Regulatory Authority ("Staff"). LCI Telemanagement was issued a Certificate of Authority on September 12, 1995, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.¹ LCI International Telecom, Corp. was issued a Certificate of Authority on April 26, 1996, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.² Qwest Telecommunications, Inc. was issued a Certificate of Authority on September 12, 1995, by the Tennessee Public Service Commission authorizing it as an operator service provider and/or reseller of telecommunications services for statewide service in Tennessee.³

On August 27, 1998, the Tennessee Regulatory Authority ("Authority") approved the transfer and control of LCI International Telecom Corp. and LCI International Inc. to Qwest.⁴ On November 3, 1998, the Authority approved the petition of LCI International Telecom Corp. to change its name to LCI International Telecom Corp. d/b/a Qwest Communications Services.⁵ As a provider of interexchange telecommunications services in Tennessee, Qwest is subject to the applicable laws of the State of Tennessee and to the rules and regulations of the Tennessee Regulatory Authority ("Authority").

Based on the receipt of two (2) written complaints from Tennessee customers of Qwest, which alleged that their long distance telephone service was transferred to Qwest without the customers'

¹ Docket 95-03181

² Docket 95-03280

³ Docket 95-03127

⁴ Docket 98-00176

knowledge or consent, the Staff petitioned the Authority on August 25, 1998, to open a docket for the purpose of further investigation to determine whether grounds existed for the issuance of a show cause order. These two (2) complainants specifically allege that their signatures were forged by Qwest on Letters of Agency ("LOA") produced by the company. The Authority issued its written order granting the Staff's request on allegations of forgery by Qwest or representatives of Qwest on November 24, 1998. From November 24, 1998 to June 30, 1999, the Staff has received an additional fifteen (15) slamming complaints against Qwest.

In response to the Staff 's inquiries, Qwest conducted its own investigation. Action taken by Qwest has resulted in the termination of the independent marketing agents responsible for forging the signatures of the above mentioned complainants. Qwest has taken additional corrective actions against distributors who have violated and are not in compliance with Qwest's policies regarding slamming.

In order to resolve this matter Qwest and the Staff have agreed to the following terms of the proposed settlement for consideration by the Authority:

- A. Qwest admits that the long distance telephone service of two (2) Tennessee consumers was switched to Qwest by an independent marketing agent without the consumers' knowledge or consent.
- B. Qwest agrees to pay the Authority a civil fine in the amount of Twenty-Five Thousand Dollars (\$25,000.00) for the apparent violations of Tennessee Code Ann. §65-4-125 and Tennessee Regulatory Rules and Regulations 1220-4-2-56 (5), committed by its independent marketing agents. Payment shall be made to the Authority within thirty (30) days of the date the Authority's Order approving the settlement.

⁵ Docket 98-00747

C. Qwest shall require each individual employee, including any employee of its independent marketing agents, engaging in soliciting its services in Tennessee to execute an acknowledgment form stating that the employee understands and accepts Qwest's policy prohibiting submission of carrier changes without proper authorization as prescribed by Tennessee rules and regulations. Copies of these executed forms will be available to the Staff upon request.

D. Qwest shall take appropriate measures to ensure that it has obtained the proper authorization from consumers prior to switching their long distance service including, but not limited to, performing validity checks on all LOAs submitted by its marketing agents to verify the accuracy of state, zip code, and area code information.

E. Qwest will continuously monitor the number of unauthorized conversions associated with each distributor or independent marketing agent and take immediate actions, up to and including, termination of the sales and marketing distributor and/or the specific marketing agent responsible for the unauthorized conversion to remedy the situation.

F. For a period of twelve (12) months following the date the Order approving this Settlement, Qwest will submit to the Staff quarterly reports, to be received no later than thirty (30) days from the end of the quarterly reporting period, for the purpose of ensuring its compliance with this Settlement. These quarterly reports will include the following information:

1. A monthly summary of all preferred interexchange carrier ("PIC") disputes filed either with Qwest or the local exchange carrier by Tennessee consumers. Each summary shall include the name of the consumer, telephone number, the date the unauthorized conversion occurred, the date the customer was disconnected from Qwest

services and the name of the distributor and/or marketing agent responsible for the action.

2. A detailed plan of corrective action taken or to be taken for each distributor and/or marketing agent who receives more than twenty (20) PIC disputes during a particular quarter.

G. Upon confirmation that any sales representative of Qwest or its distributors has forged the signature on an LOA of a purported new customer residing in Tennessee, Qwest will disclose to the Authority and the appropriate state law enforcement official the name of the sales representative for investigation and possible action that may be warranted by the circumstances.

Entered into this the 6TH day of JULY, 1999 by:

QWEST TELECOMMUNICATIONS SERVICES

BY:

H. L. Don Baltimore
SIGNATURE

H. L. Don Baltimore
PRINTED NAME

COUNSEL
TITLE

TENNESSEE REGULATORY AUTHORITY

Eddie Roberson

Eddie Roberson, Chief Consumer Services Division